

Healthcare Economics & Strategic Outlook

Designing for the Future: What Healthcare Leaders Need to Know

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Executive Takeaway

Healthcare is entering a decade defined by **affordability pressure, demographic change, workforce disruption, and AI-enabled transformation**. Organizations that redesign care delivery, control pharmacy costs, leverage technology appropriately, and expand beyond traditional hospital settings will be best positioned for long-term success.

Questions To Take Back To Your Organization

1. What is our affordability strategy?
 2. How are we managing pharmacy trend?
 3. Where can AI create measurable ROI?
 4. Are we ready for an aging population?
 5. What care can move outside the hospital?
 6. How will we compete for patients who increasingly act like consumers?
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The Four Forces Reshaping Healthcare

1. Cost of Care Is Rising Faster Than Revenue

- Labor, supply, pharmacy, and technology costs continue to accelerate.
- Traditional reimbursement is not keeping pace.
- Healthcare economics are becoming increasingly challenging for both payers and providers.

2. The Population Is Aging

- Medicare populations are growing rapidly.
- Commercial revenue is shrinking as a percentage of overall reimbursement.
- Chronic disease management and senior-focused care models will become increasingly important.

3. Patients Behave Like Consumers

- Patients increasingly expect convenience, access, personalization, and digital engagement.
- Traditional health system “front doors” are being disrupted by technology and alternative care models.

4. Profit Pools Are Moving Away From Acute Care

- Ambulatory, home-based, pharmacy, and virtual care continue to grow.
- Organizations must adapt before volumes migrate to competitors.

Key Considerations

Medical Cost Trend Remains Unsustainable

Key Message: Healthcare costs continue to outpace inflation and revenue growth.

- Approximately 80% of trend acceleration is being driven by unit cost increases.
- Nearly half of employers expect double-digit healthcare cost growth.
- Active cost management produces meaningfully lower trend outcomes.

Pharmacy Is the New Battleground

Key Message: Pharmacy now represents roughly one-third of employer healthcare spending.

Cost drivers include:

- GLP-1 medications
- Oncology therapies
- Specialty drugs
- Immunotherapies
- Biosimilars

Organizations with stronger formulary management and pharmacy oversight are seeing better results.

Notable example:

- Ascension's has achieved a negative pharmacy trend by owning and controlling the pharmacy formulary rather than delegating to PBM partner.

AI Is Creating Real Opportunities

Current High-Value Applications

- ✓ Clinical documentation
- ✓ Revenue cycle management
- ✓ Coding and claims
- ✓ Prior authorization
- ✓ Call centers
- ✓ Patient messaging

Key Message: Start with the operational problem, then apply AI. Technology alone is not a strategy.

Health Systems Must Redesign Work

The panel highlighted a troubling reality:

Workforce productivity has remained largely stagnant while healthcare demand continues to increase.

Organizations must move beyond “doing more with less” and redesign work fundamentally.

Focus areas:

- Workflow redesign
- Flexible staffing models
- Integrated care teams
- Alternate sites of care
- Technology-enabled efficiency

Pathways to Success:

- Control pharmacy spend
- Embrace ambulatory and home-based care
- Modernize workforce models
- Use AI to reduce administrative burden
- Build stronger payer-provider partnerships
- Create differentiated consumer experiences
- Focus relentlessly on affordability

In Summary

Healthcare’s future will not be won through incremental improvement. It will be won through care model transformation, affordability leadership, workforce redesign, and strategic use of technology.

Attendee Action: Identify one initiative in your organization that addresses affordability, workforce redesign, AI adoption, or site-of-care transformation and assess whether it is moving fast enough for the market conditions ahead.